



Consolidated Edison Company  
of New York, Inc.  
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New York NY 10003  
www.conEd.com

October 2008

Dear Retiree:

The company is writing to advise you of contribution and other changes to the Retiree Health Program (Program). Please take the time to read through this information carefully.

### **Company Contributions to the Retiree Health Program**

The company recognizes the importance of providing you with a quality health care program and makes contributions toward a portion of the cost of the Program. Retirees' contributions pay for the remainder of the Program costs based on a cost sharing formula.

The company's contribution for a given year is based on the amount of its previous year's contribution, plus a cost of living adjustment as measured by the change in the Consumer Price Index (CPI). Under this formula, the company's contribution to Program costs for 2009 will be the amount contributed in 2008, plus a CPI increase of 4.44%, which is the change in CPI for the 12-month period from October 2007 to September 2008 as compared to the previous 12-month period.

### **Retiree Contributions Toward Health Plan Costs**

In 2008, medical costs for retirees covered by United Healthcare did not increase at the rate that was projected. A major reason for this can be attributed to how well retirees and their dependents have helped to slow the pace of current health care costs by utilizing United Healthcare participating providers. For 2009, we expect medical costs to increase by 8%. However, because the company negotiated lower administrative fees with United Healthcare some of the expected medical cost increase will be offset. As a result, the company's 2009 contribution will be sufficient to cover most of the expected cost increase and contributions for retirees enrolled in United Healthcare *will not increase or only increase minimally*. For retirees enrolled in a HMO, the retiree contribution increase was determined by premium increases quoted by the various HMOs, offset by the company's contribution.

### **Retiree Contributions Toward Prescription Drug Plan Costs**

Prescription drug costs in 2009 are expected to rise by 8%. The company's previous year's contribution plus the CPI adjustment of 4.44% and the current level of retirees' contributions will not be enough to cover projected prescription drug plan costs. As a result, a monthly increase of \$4 for individual coverage and \$18 for family coverage will be required.

The following is an illustration of how retirees' contributions will change in 2009 and assumes the following:

- The retiree is not Medicare-eligible and currently contributes \$170 per month toward health care coverage; \$125 for United Healthcare and \$45 for Caremark  
*or*
- The retiree is Medicare-eligible and currently contributes \$75 per month toward health care coverage; \$30 for United Healthcare and \$45 for Caremark.

<b>Retirees With Pensions Greater Than \$1,000 per Month</b>					
<b>Not Medicare-Eligible Monthly Contribution</b>			<b>Medicare-Eligible Monthly Contribution</b>		
	<b>2008</b>	<b>2009</b>		<b>2008</b>	<b>2009</b>
Retiree	\$170	\$174	Retiree	\$75	\$79
Company	<u>623</u>	<u>674</u>	Company	<u>263</u>	<u>285</u>
<b>Total</b>	<b>\$793</b>	<b>\$848</b>	<b>Total</b>	<b>\$338</b>	<b>\$364</b>

The total cost of the 2009 program for retirees who are *not eligible* for Medicare will increase \$55 per month. Based on our retiree cost sharing method, the Company's contribution toward the \$55 increase will be \$51 and retirees will contribute an extra \$4 per month.

For retirees *eligible* for Medicare, the Company will pay \$22 of the \$26 increase and retirees will contribute an extra \$4 per month.

*Retirees with Pensions of \$1,000 or Less per Month*

If you are receiving a monthly pension of \$1,000 or less, your Retiree Health Program contributions will be adjusted differently. The following is an illustration of how your monthly contribution will change in 2009.

<b>Retirees With Pensions of \$1,000 or Less per Month</b>					
<b>Not Medicare-Eligible Monthly Contribution</b>			<b>Medicare-Eligible Monthly Contribution</b>		
	<b>2008</b>	<b>2009</b>		<b>2008</b>	<b>2009</b>
Retiree	\$165	\$171	Retiree	\$70	\$74
Company	<u>628</u>	<u>677</u>	Company	<u>268</u>	<u>290</u>
<b>Total</b>	<b>\$793</b>	<b>\$848</b>	<b>Total</b>	<b>\$338</b>	<b>\$364</b>

As in the previous illustration, the total cost of the Program for retirees in 2009 will increase by \$55 per month. However, for retirees receiving a monthly pension of \$1,000 or less, the Company's contribution will increase by \$49 and retirees will contribute an extra \$6 per month.

For retirees *eligible* for Medicare, the Company will pay \$22 of the \$26 increase and retirees will contribute an extra \$4 per month.

The contribution amount for any retiree whose monthly pension rises above \$1,000 during the year will be determined under the method described above for retirees receiving a pension greater than \$1,000 in the following year.

#### *Other Prescription Drug Plan Changes*

As of January 1, 2009, the mail order service will be expanded and you and your covered dependents will have a choice of filling maintenance medications at a local CVS pharmacy or through the Caremark Mail Order Service program. You will be able to fill up to a 90-day supply of maintenance medications at a CVS pharmacy for the same copayment as your 90-day Caremark Mail Service prescription benefit. A maintenance medication is a drug you will be taking for three months or more. Although you will be able to fill most maintenance drug prescriptions at a CVS pharmacy, due to some state restrictions on the dispensing of **controlled substances** at a retail pharmacy, all supplies of controlled substances over the state restriction limit (usually a 30-day supply) must continue to be obtained from the Caremark Mail Order Service program. In addition, for prescriptions requiring a medical diagnosis, such as oral contraceptives or Retin A acne medication, you will be asked to provide the medical diagnosis to the pharmacist before the prescription can be filled.

This new option lets you **choose which is more convenient for you** – Caremark Mail Service home delivery or picking up your maintenance medicine at a local CVS pharmacy. The copayment for up to a 90-day supply will be the same either way. More information on this new maintenance drug option will be mailed to your home during December.

You should have received a CVS Caremark ExtraCare Health Card in the mail, which you can use to receive discounts of up to 20% on select CVS brand items sold at any CVS store. If you have not received this card, please call 1-888-543-5938. When you present this card at a CVS store at the time of purchase, you will receive 20% off the regular price of over-the-counter CVS brand health-related items such as CVS pharmacy Ibuprofen, CVS pharmacy Nasal Decongestant, as well as many other items.

#### **Schedule of Retiree Contributions as of January 1, 2009**

The attached chart shows your monthly contribution rates.

Although Con Edison is not obligated to contribute to the Program, at the end of each year, the cost allocation between the company and retirees will be reviewed and adjusted as described in this letter. The information in this letter does not alter the company's right to change or terminate the Program at any time due to changes in laws governing employee benefit plans, the requirements of the Internal Revenue Code, Employee Retirement Income

Security Act, or for any other reason. Con Edison is not obligated to contribute to any fixed amount or percentage of program costs.

### *2009 Open Enrollment*

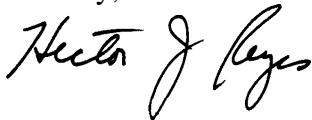
If you wish to change your retiree health care coverage effective January 1, 2009, for example, from an HMO to United Healthcare or from one HMO to another, call Employee Benefits and request a Con Edison Retiree Health Benefits Enrollment/Change Form and Medicare (HCFA) form if you are on Medicare. A completed form must reach Employee Benefits no later than December 15, 2008.

### *Medicare Part D Coverage*

Also enclosed is a creditable coverage notice pertaining to Medicare Part D. *This notice pertains to retirees who are Medicare eligible and currently covered under the Retiree Health Program and to retirees who have a dependent spouse/same-sex domestic partner or child who is covered by Medicare or Medicaid and is currently covered or eligible for coverage under the Retiree Health Program.* Please read the notice and file it in a safe place in case you or one of your dependents enrolls in Medicare Part D in the future.

If you have any questions, please call Employee Benefits at 1-800-582-5056, Monday through Friday from 9:00 a.m. to 4:00 p.m.

Sincerely,



Hector Reyes  
Director  
Employee Benefits and Compensation

**Schedule of Contributions as of January 1, 2009**

***Retirees With Pensions Greater Than \$1,000 per Month***

Hospital and Medical (United Healthcare)	<u>Retiree or Surviving Spouse</u>		<u>Spouse, Same-Sex Domestic Partner and/or Other Dependents</u>	
	From	To	From	To
<i>If you retired AFTER May 31, 1988:</i>				
Medicare-eligible	\$30	\$30	\$39	\$39
Not Medicare-eligible	\$125	\$125	\$180	\$180
<i>If you retired BEFORE June 1, 1988:</i>				
Medicare-eligible	\$30	\$30	\$39	\$39
Not Medicare-eligible	\$100	\$100	\$143	\$143
<b>HMOs</b>				
	<u>Retiree or Surviving Spouse</u>		<u>Spouse, Same-Sex Domestic Partner and/or Other Dependents</u>	
	From	To	From	To
<i>If you retired AFTER May 31, 1988:</i>				
<b>Medicare-eligible</b>				
Aetna/US Healthcare	\$4	\$29	\$4	\$29
HIP	\$0	\$2	\$0	\$2
SecureHorizons (Oxford)	\$33	\$48	\$33	\$48
BlueMedicare (Florida)	\$0	\$0	\$0	\$0
<b>Not Medicare-eligible</b>				
Aetna/US Healthcare	\$95	\$95	\$170	\$170
HIP	\$71	\$101	\$107	\$161
SecureHorizons (Oxford)	N/A	N/A	N/A	N/A
BlueMedicare (Florida)	N/A	N/A	N/A	N/A
<i>If you retired BEFORE June 1, 1988:</i>				
<b>Medicare-eligible</b>				
Aetna/US Healthcare	\$4	\$29	\$4	\$29
HIP	\$0	\$2	\$0	\$2
SecureHorizons (Oxford)	\$33	\$48	\$33	\$48
BlueMedicare (Florida)	\$0	\$0	\$0	\$0
<b>Not Medicare-eligible</b>				
Aetna/US Healthcare	\$77	\$77	\$143	\$143
HIP	\$52	\$81	\$79	\$133
SecureHorizons (Oxford)	N/A	N/A	N/A	N/A
BlueMedicare (Florida)	N/A	N/A	N/A	N/A
<b>Prescription Drugs (CVS/Caremark)</b>				
	<u>Retiree or Surviving Spouse</u>		<u>Spouse, Same-Sex Domestic Partner and/or Other Dependents</u>	
	From	To	From	To
	\$45	\$49	\$35	\$49

**Schedule of Contributions as of January 1, 2009**

***Retirees With Pensions of \$1,000 or Less per Month***

Hospital and Medical (United Healthcare)	<u>Retiree or Surviving Spouse</u>		<u>Spouse, Same-Sex Domestic Partner and/or Other Dependents</u>	
	From	To	From	To
<i>If you retired AFTER May 31, 1988:</i>				
Medicare-eligible	\$25	\$25	\$35	\$35
Not Medicare-eligible	\$120	\$122	\$169	\$172
<i>If you retired BEFORE June 1, 1988:</i>				
Medicare-eligible	\$25	\$25	\$35	\$35
Not Medicare-eligible	\$100	\$100	\$143	\$143
<b>HMOs</b>				
<i>If you retired AFTER May 31, 1988:</i>				
<b>Medicare-eligible</b>				
Aetna/US Healthcare	\$4	\$29	\$4	\$29
HIP	\$0	\$2	\$0	\$2
SecureHorizons (Oxford)	\$33	\$41	\$33	\$41
BlueMedicare (Florida)	\$0	\$0	\$0	\$0
<b>Not Medicare-eligible</b>				
Aetna/US Healthcare	\$95	\$95	\$170	\$170
HIP	\$71	\$101	\$107	\$161
SecureHorizons (Oxford)	N/A	N/A	N/A	N/A
BlueMedicare (Florida)	N/A	N/A	N/A	N/A
<i>If you retired BEFORE June 1, 1988:</i>				
<b>Medicare-eligible</b>				
Aetna/US Healthcare	\$4	\$29	\$4	\$29
HIP	\$0	\$2	\$0	\$2
SecureHorizons (Oxford)	\$33	\$41	\$33	\$41
BlueMedicare (Florida)	\$0	\$0	\$0	\$0
<b>Not Medicare-eligible</b>				
Aetna/US Healthcare	\$77	\$77	\$143	\$143
HIP	\$52	\$81	\$79	\$133
SecureHorizons (Oxford)	N/A	N/A	N/A	N/A
BlueMedicare (Florida)	N/A	N/A	N/A	N/A
<b>Prescription Drugs (CVS/Caremark)</b>				
<i>If you retired AFTER May 31, 1988:</i>				
<b>Medicare-eligible</b>				
Aetna/US Healthcare	\$45	\$49	\$35	\$49



**CREDITABLE COVERAGE DISCLOSURE NOTICE  
For Calendar Year 2009**

To Retirees, Spouses, Same-Sex Domestic Partners, Surviving Spouses, and Dependents Who Are Covered Under the Consolidated Edison Retiree Prescription Drug Plan

Important Notice from Consolidated Edison Company of New York, Inc.  
About Your Prescription Drug Coverage and Medicare

*Please note that this notice only pertains to you if:*

- You are Medicare eligible (age 65 and older or considered disabled by the Social Security Administration) and currently covered or eligible for coverage under one of the health plans sponsored by Con Edison for active employees, or
- You have a dependent spouse/same-sex domestic partner or child who is covered by Medicare or Medicaid and who is currently covered or eligible for coverage under one of the health plans sponsored by Con Edison for active employees

**Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with Con Edison and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.**

Effective January 1, 2006, the federal government began sponsoring a prescription drug program for individuals participating in Medicare Parts A and B called Medicare Part D. You can get this coverage if you join a Medicare Prescription Drug Plan or a Medicare Advantage Plan, such as a HMO or PPO that offers prescription drug coverage. All Medicare Drug Plans provide a standard level of coverage set by Medicare. Some plans may offer more coverage for a higher monthly premium.

Con Edison, as required by Medicare Part D guidelines, is notifying all participants in the Con Edison Prescription Drug Plan (Con Edison Drug Plan) that the benefits provided under the Con Edison Drug Plan are, on average, expected to pay out as much as the standard Medicare prescription drug coverage. Coverage under another prescription drug plan, such as the Con Edison Drug Plan, that is, on average, expected to pay out as much as the standard Medicare prescription drug coverage will pay under Medicare Part D is known as "Creditable Coverage."

Because your existing coverage is on average at least as good as standard Medicare prescription drug coverage, you can keep this coverage and not pay a higher premium or penalty if you later decide to join a Medicare drug plan.

- Enrollment for Medicare Part D for the 2009 calendar year begins November 15, 2008 and runs through December 31, 2008. If you elect the Con Edison Drug Plan for 2009, you will have Creditable Coverage and you can choose to delay enrollment in Medicare Part D without paying a Medicare Part D

late enrollment penalty. As long as you maintain Creditable Coverage, you will not be assessed a late enrollment penalty if you choose to enroll in Medicare Part D at a later date. Individuals can enroll in a Medicare prescription drug plan when they first become eligible for Medicare. If you leave employment during the year, you may be eligible for a Special Enrollment Period to sign up for a Medicare prescription drug plan.

- If you decide to join a Medicare drug plan, your Con Edison coverage will be affected. See below for more information about what happens to your current coverage if you join a Medicare drug plan.
  1. If you enroll or your dependent enrolls in Medicare Part D for the 2009 calendar year, you or your dependent cannot maintain coverage in a Con Edison Drug Plan and must drop coverage under the Con Edison Drug Plan. To drop coverage for yourself or your dependent, fill out the appropriate portion of the form on page 3. You will not be able to re-enroll in the Con Edison Drug Plan in the future.
  2. If you decide to join a Medicare drug plan and drop your Con Edison prescription drug coverage, be aware that you and your dependents may not be able to get the Con Edison prescription drug coverage back.
  3. If you drop or lose your coverage with Con Edison and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium to join a Medicare drug plan later.
  4. Under the Medicare rules, if you go 63 continuous days or longer without any prescription drug coverage that's at least as good as Medicare's prescription drug coverage, and then elect to participate in a Medicare Part D plan, your monthly Medicare Part D premium may go up at least 1% per month of the base beneficiary premium per month for every month that you did not have any prescription drug coverage. For example, if you go 19 months without prescription drug coverage, your premium will always be at least 19% higher than the base beneficiary premium. You may have to pay this higher premium as long as you have Medicare Part D coverage. In addition, you may have to wait until next November to enroll.

For more information about this notice or your current prescription drug coverage, call Employee Benefits at 1-800-582-5056. NOTE: You will receive this notice annually and at other times in the future, for example during the next enrollment period for Medicare Part D or if this coverage changes. You may request a copy of this notice at any time.

For more information about your options under Medicare Part D, call 1-800-MEDICARE (633-4227) or visit their web site at [www.medicare.gov](http://www.medicare.gov). If you have limited income and resources, call Social Security at 1-800-772-1213 or visit their web site at [www.socialsecurity.gov](http://www.socialsecurity.gov) (TTY 1-877 -486- 2048).

If you no longer wish to continue your or your dependent's coverage under the Con Edison Drug Plan because you want to enroll in the new Medicare Part D program, fill out the form on page 3 and send it to Employee Benefits. Remember that you cannot elect coverage in the Con Edison Drug Plan if you elect Medicare Part D. You will still be eligible to enroll in Con Edison's health benefits (medical, hospital, dental, and vision) if you choose to enroll in Medicare Part D.

**Medicare Part D Prescription Drug Plan Coverage**

Name \_\_\_\_\_ Employee Number \_\_\_\_\_ Social Security Number \_\_\_\_\_

\_\_ I wish to drop coverage from the Con Edison Prescription Drug Plan because I will be enrolling in Medicare Part D for January 1, 2009. I understand that by choosing Medicare Part D I cannot participate in the Con Edison Prescription Drug Plan in January 2009.

Signature \_\_\_\_\_ Date \_\_\_\_\_

\_\_ I currently receive my prescription drugs under Medicaid.

Signature \_\_\_\_\_ Date \_\_\_\_\_

\_\_ I have a dependent child/spouse/same-sex domestic partner who is covered by Medicare and is enrolling in Medicare Part D. I authorize Con Edison to change my coverage category in the prescription portion of the Con Edison Prescription Drug Plan.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Please return forms to Con Edison, 4 Irving Place, Employee Benefits, Room 1141-S, New York, NY 10003, Attn: Medicare Part D